



Reforming Non-Domestic Rates

Introduction

Across the United Kingdom, business rates are devolved to Northern Ireland, Scotland and Wales. Governments follow a similar formula when calculating non-domestic rates with a calculation is based on the rental value of a property, multiplied by an additional factor which is referred to a poundage called the multiplier or ARV. Under the Northern Irish system, non-domestic rates generate around £720 million each year.¹ Changes in multipliers and differing rates relief schemes impact business owners and sectors differently across the United Kingdom.

The Democratic Unionist Party understand that our local businesses are the backbone of our economy, occupy our town and city centres and provide essential employment opportunities. There is a longstanding need for reform of business rates, reflecting commercial realities and business trends, additional pressures placed on businesses as a result of the increase in national insurance employers' contributions and the risk that online corporates can undercut retailers with a presence in our towns and high streets. As a Party we have listened to the concerns of businesses regarding the current non-domestic rating policy and have made policy recommendations in this paper. These recommendations aim to foster growth in competitive industries, encourage high street regeneration, support vulnerable businesses and remove barriers to investment.

This policy paper will outline how rate relief support differs across the United Kingdom, the challenges that businesses face under the current non-domestic rating system, the impact that this has and policy options for consideration.

Definitions

¹ <https://www.finance-ni.gov.uk/news/land-property-services-publishes-draft-valuation-list-reval-2026>

NAV- Net Annual Value is based upon an assessment of the annual rental value that the property reasonably could have been expected to let for on the open market.

RV – Rateable Value is an estimate by the Valuation Office Agency (VOA) of how much it would cost to rent a property for a year on 1 April 2021. This will change for April 2026.

Rate Setting across the UK

Rates in Northern Ireland are collected by Land & Property Services (LPS) on behalf of the Northern Ireland Executive and the district councils. Non-Domestic Rates in Northern Ireland are a property tax on non-domestic premises based on the property's Net Annual Value multiplied by a poundage. Northern Ireland differs from the rest of the United Kingdom in that the district rate, set by Councils, is combined with the regional rate, set by the Northern Ireland Executive. District rates vary between councils reflecting the rateable resources and spending policies of individual councils. They are fixed by each council alongside domestic rates to meet its net expenditure on such functions as leisure facilities, economic development and environmental services.

The regional rate element is normally just over half of a typical rate bill and is set by central government. The amount collected from domestic and non-domestic rate payers is added to the amounts received from the Treasury to provide a total sum available to the Executive for allocation to the public services for which it is responsible.

In England and Wales, Business Rates are calculated based on the estimate of open market rental value with a multiplier applied each financial year. The multiplier may be raised by a maximum of the Retail Price Index from the previous September.² In England, there is a standard multiplier and a small business multiplier for businesses with a rateable value below £51,000. In Wales, there is a single multiplier for all business properties.

In Scotland, Non-Domestic Rates are calculated by multiplying the rateable value of a property by the poundage. Poundages differ as below³;

² <https://researchbriefings.files.parliament.uk/documents/SN06247/SN06247.pdf>

³ <https://www.mygov.scot/non-domestic-rates-guidance/rates-calculations>

1. Basic Property Rate – 49.8p for properties with an RV up to £51,000
2. Intermediate Property Rate – 55.4p for properties with an RV between £51,001 and £100,000
3. Higher Property Rate – 56.8p for properties over £100,000

Table 1 shows a comparison of rates systems across Councils in the UK (Source: DFC 2025)⁴

Table 1: Council Spend across Northern Ireland, Scotland and Wales

Criteria	Scotland	Wales	Northern Ireland
Population	5,490,100	3,123,000	1,910,543
Number of Councils	37	22	11
Council Spend	£25bn	£11bn	£1bn
Revenue Sources	1. General Revenue Grant: 40% 2. Non-Domestic Rates: 13% 3. Council Tax: 13% 4. Specific Revenue Grant: 19% 5. Other income 15%	1. Revenue Support Grant and re-distributed Business Rates): 52% 2. Council tax: 18% 3. Specific grants: 17% 4. Other income: 13%	1. Domestic Rates: 37.5% 2. Non-Domestic Rates: 37.5% 3. Government grants & fees/charges: 25%

Northern Ireland Business Landscape

Northern Ireland has expertise across a range of sectors including aerospace and defence, advanced manufacturing, digital technology, agri-food/ agri-tech and, the green economy.⁵ However businesses across sectors in Northern Ireland are facing pressure from rising labour costs, increased employer national insurance contributions and rising energy costs. Businesses also report that overall input costs have increased.⁶ Businesses that invest in their property or

⁴ <https://www.communities-ni.gov.uk/sites/default/files/2025-10/dfc-review-of-rates-support-grant-rsg-report.pdf>

⁵ <https://www.investni.com/international-business/our-sectors>

⁶ <https://www.finance-ni.gov.uk/publications/uuepc-cost-doing-business-impact-report>

want to expand can see their NAV increase, resulting in a larger non-domestic rates bill. Therefore, the current system can be seen to disincentivise investment.

Businesses in Northern Ireland are trying to grow against a backdrop of the increased cost of doing business. Even large sectors such as manufacturing and services, have been unable to sustain positive cashflow balance since 2022.⁷ Non-Domestic Rates are seen as yet another factor that contributes to the rising taxes that business face – many of these rising costs have flowed from policy set at Westminster resulting in increased workforce costs. In this context, non-domestic rates are seen as another tax businesses must pay while seeing little to incentivise growth or investment. There is also an opinion that the wide range of reliefs result in a narrower group of businesses shouldering the rates burden.

Relief Comparisons across the UK

Across the United Kingdom there are several similar reliefs and exemptions including: small business relief, empty property relief, hardship relief and charitable exemption. However, the eligibility criteria and level of relief varies between jurisdictions.

Northern Ireland

A number of schemes offering rates relief are operated in Northern Ireland: -

- Small Business Rate Relief
- Small Business Rate Relief for small Post Offices
- Charitable Exemption for rates
- Sports and Recreation Rate Relief
- Residential Homes Rate Relief
- Industrial Derating
- Non-Domestic Vacant Rating
- Hardship Rate Relief

⁷ <https://www.northernirelandchamber.com/ni-chamber-news/ni-chamber-and-gub-report-highlights-softening-business-conditions/>

- Rural ATMs

The Department for Finance are currently exploring options to reform Small Business Rates Relief policies – a consultation which closed in January 2026. Relief is currently offered at different levels depending on the NAV of the property. Qualifying businesses will receive the rate relief automatically on their annual bill. There are three levels of SBRR:

1. Business properties with a NAV of £2,000 or less will receive a reduction of 50% rate relief
2. Business properties with a NAV of more than £2,000 but not more than £5,000 will receive 25% rate relief
3. Business properties with a NAV of more than £5,000 but not more than £15,000 will receive a 20% rate relief⁸

Empty commercial property rates relief in Northern Ireland is set to end in an attempt to address the issue of vacant buildings in town and city centres. In 2023/24 projected costs for this relief were £19.7 million for around 4,700 properties.⁹ Empty property relief can encourage land banking and has been perceived to allow properties to deteriorate into dereliction. The Democratic Unionist Party believe that rates policy should encourage business growth rather than neglect.

A notable difference between Northern Ireland and Great Britain is the continued policy of Industrial De-rating (IDR). There has been repeated consultation regarding IDR relief in Northern Ireland. Under the current system IDR provides a 70% reduction of the normal rate for the parts of the property deemed to be used in the industrial process. Industrial de-rating was introduced in 1929 but was later abolished in England and Wales in 1963 and phased out in Scotland by 1995.¹⁰

When industrial rates were capped at 30% in 2007, manufacturers committed to employ more, sell more externally and in export and, to invest in people and premises. In Northern Ireland manufacturing represents around 14% of local GDP and approximately 11% of total

⁸ <https://www.nibusinessinfo.co.uk/content/small-business-rate-relief>

⁹ <https://www.finance-ni.gov.uk/sites/default/files/consultations/dfp/Consultation%20event%20-%20rates%20consultation%20-%209%20November%202023%20slides.pdf>

¹⁰ <https://www.ulster.ac.uk/epc/pdf/2021/review-of-non-domestic-rates-and-covid-19-recovery/UUEPC-Evidence-paper-Review-of-Non-Domestic-Rates-June-2021-Final.pdf>

employment. If IDR were to be removed or tapered it could result in a loss of jobs, investment and employment as companies would ultimately have to find savings elsewhere in their business.¹¹

The cost of this policy has increased over recent years to a total of £73 million in 2023/2024 with relief awarded to around 4,500 properties.¹² The sector has argued strongly for the retention of IDR highlighting that the size of their premises result in higher rates while they have high energy and transport costs. Across Great Britain, energy-intensive industries are supported by the British Industry Supercharger scheme however this support is not available to businesses in Northern Ireland.

The cost of all non-domestic rate support in Northern Ireland for 2023/24 is in Table 2.¹³

Table 2: Cost of Rate Relief Policies in Northern Ireland

Policy	Cost £M
Industrial Derating	71.5
NDVR	31
Freight Transport	2.3
Halls of Residence Exemption	2
Statutory Exemptions (Charitable, Churches, Community Halls etc.)	102
Small Business Rate Relief	20.7
Sports and Recreation Relief	4.6
Residential Care Establishment	8.1

¹¹ <https://www.manufacturingni.org/wp-content/uploads/2025/05/Manufacturing-and-the-Northern-Ireland-Economy.pdf>

¹² <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/FOI%20DOF%202024-0301%20Response.PDF> and <https://www.finance-ni.gov.uk/sites/default/files/consultations/dfp/Consultation%20event%20-%20rates%20consultation%20-%2009%20November%202023%20slides.pdf>

¹³ <https://www.finance-ni.gov.uk/sites/default/files/consultations/dfp/Consultation%20event%20-%20rates%20consultation%20-%2009%20November%202023%20slides.pdf>

England

In England, Small Business Rates Relief applies, offering full relief for properties with a RV below £12,000 with tapering relief for those with values between £12,001 and £15,000. Relief schemes exist in England for those in Retail, Hospitality and Leisure Relief providing a 40% reduction, however this was previously offered at 75%. Empty Buildings Relief is in place for some properties meaning that a business does not have to pay business rates on empty buildings for 3 months. After this time, most businesses must pay full business rates.

Wales

The Welsh Government also offer Small Business Rates Relief awarding full relief for properties with an RV up to £6,000 and a tapering relief for those with an RV between £6,001 and £12,000. Relief schemes are in place for Retail, Hospitality and Leisure offering a 40% reduction capped at £110,000 per business. 100% rates relief is also available for Registered Childcare Premises. Empty business properties are exempt from paying business rates for 3 months after the property becomes unoccupied.

Scotland

The Scottish Government offer Small Business Bonus Scheme offering full relief for properties with an RV up to £15,000 and 25% relief for RVs between £15,001 and £35,000. The Day Nursery Relief offers 100% relief if the premises is as a day nursery or only used as a nursery school. All empty properties can get 50% relief for the first 3 months that they are empty, reducing to a 10% discount after that. Empty industrial properties can get 100% relief for the first 6 months they are empty and then 10% after that.

Table 3. Summary of Business Rate Systems across the UK¹⁴

¹⁴ <https://www.niassembly.gov.uk/globalassets/documents/raise/publications/2022-2027/2025/finance/1225.pdf>

<u>Country</u>	<u>Valuation base</u>	<u>Rate setting</u>	<u>Reliefs</u>	<u>Vacant Property</u>
<u>Northern Ireland</u>	NAV, Regional Rate and District Rate	Regional + District	<ul style="list-style-type: none"> • SBRR • Industrial De-Rating • Charitable Exemption for rates • Sports and Recreation Rate Relief • Residential Homes Rate Relief • Hardship Rate Relief 	<p>NAV under £2000 receive 100% reduction towards vacant rates.</p> <p>With an NAV over £2000 and unoccupied, unfurnished, and not used for storage, can receive 3-month vacant period plus 50% every month after.</p>
<u>England</u>	RV and multiplier	Central Govt	<ul style="list-style-type: none"> • SBRR • RHL Relief • Charitable Relief • Rural Rate Relief • Telecommunications Relief • Enterprise zone Relief 	Since 2008, owners of empty property in England and Wales are liable to pay the full business rate
<u>Scotland</u>	RV and multiplier	Scottish Govt	<ul style="list-style-type: none"> • SBRR + hospitality in areas • Small Business Bonus Scheme • Day Nursery Relief • Renewable Energy Generation Relief • Enterprise Areas Relief • Charity Relief 	<p>Empty properties are entitled to 50% relief for the first three months, followed by 10% relief as long as they remain empty.</p> <p>Since 2018/19, 'Fresh Start relief' -100% discount for 12 months on empty properties which have been brought back into use after</p>

			<ul style="list-style-type: none"> • Telecommunications Relief 	being empty, since 2018. Must have been empty for at least 6 months and have an RV under £100,000
<u>Wales</u>	RV and multiplier	Welsh Govt	<ul style="list-style-type: none"> • SBRR & RHL • Post Offices • Registered Childcare Premises 	Since 2008, owners of empty property in England and Wales are liable to pay the full business rate

Previous Consultations

Non-Domestic Rates Consultation (2023-2024)

On 20 September 2023, the Secretary of State for Northern Ireland wrote to Permanent Secretaries of NICS departments directing that they launch public consultations on specific measures to support budget sustainability by raising additional revenue. The consultation looked at the revenue raising potential associated with the removal of Non-domestic Vacant Rate Relief, Industrial Derating, Freight Transport Relief and Halls of Residence exemption.

In September 2024 the Department of Finance published their analysis of responses to the September 2023 public consultation. This showed that respondents were broadly in favour of maintaining Industrial De-Rating Support, Non-Domestic Vacant rates support and support for Freight Transport rates.

Consultation responses were as follows:¹⁵

- 527 respondents wanted to see Non-Domestic Vacant Rating Relief retained while 214 respondents broadly opposed retention.
- 599 respondents wanted to see Industrial Derating Relief retained while 163 respondents broadly opposed retention.

¹⁵ <https://www.finance-ni.gov.uk/consultations/consultation-non-domestic-and-domestic-rating-measures-support-budget-sustainability-raising-additional-revenue>

- 544 respondents wanted to see Freight Transport Relief retained while 182 respondents broadly opposed retention.
- 377 respondents wanted to see Halls of Residents Relief retained while 341 respondents broadly opposed retention.

Department of Finance Business Rates Review (2019)

The Department of Finance undertook a review of business rates in 2019. As part of that exercise the representative bodies of the main business sectors in Northern Ireland set out their priorities for rates reform. This included the Federation of Small Businesses, Retail NI and the Belfast Chamber. Several key themes emerged¹⁶:

- Changes to business rates should not be considered unless there is also a willingness to address the threat posed by online sales to the high street. The introduction of an online sales tax was proposed in some quarters.
- Reform of business rates should be accompanied by a focus on other measures to expand the tax base.
- Industrial de-rating should be retained in its current form.
- The Executive should consider applying the principles of progressive taxation to Small Business Rates Relief so that some smaller businesses pay nothing at all and those with higher NAVs pay more.
- The need for Small Business Rate Relief to be made permanent rather than relying on annual approval of this support.
- Eligibility for Small Business Rate Relief should be universal, recognising that businesses like solicitors, accountants, estate agents and other professional services, are as much part of city and town centres as shops and hospitality businesses.
- The desire for the reinstatement of Empty Premises Rates Relief
- Consideration should be given to retaining and extending rates relief for charities, the cultural sector, residential homes and childcare providers.
- Start-ups should receive particular attention as part of any reform.
- Councils should be afforded more powers to reduce or vary rates, strike separate domestic and non-domestic values and retain 100% of rates growth to reinvest in regeneration and economic development.

¹⁶ <https://www.finance-ni.gov.uk/consultations/business-rates-public-consultation>

- The threshold of payment for vacant properties should be doubled from three months to six months, but then phase out the relief.
- Empty premises relief should be reintroduced, affording new businesses opening on these sites rates relief in the first six months of their first year in operation. It should also operate in year two at a lower rate of relief.
- Targeted Rate Relief Scheme for retail and hospitality, including a 33% rate relief for pubs and restaurants in line with GB.
- There should be an independent review of the operation and effectiveness of Land and Property Services.
- Reform the Business Rates Hardship Fund to ensure it is easier for businesses to claim.
- A reform of business rates should reward investment, providing introductory relief for newly established stores and businesses and ensuring rate bills are offset where a business has made a capital investment.

Fiscal Pressures

UK Parliament Autumn Budget

In her 2024 Autumn Budget, the Chancellor announced business rates changes for England for 2025/26.¹⁷

- Retail, hospitality and leisure relief has been permanently extended, but the relief reduced from 75% to 40%.
- The small business multiplier will be frozen at 49.9%, and the standard multiplier will increase to 55.5%.
- Charitable rate relief will not apply to private schools.

The Government will introduce two permanently lower multipliers for retail, hospitality, and leisure properties with rateable values below £500,000 from 2026/27. This is to “*create a fairer business rates system and level the playing field for the high street*”. The change will be funded by applying a higher multiplier to properties with a rateable value of £500,000 or above, including distribution warehouses used by large online companies.

¹⁷ <https://www.taxassist.co.uk/resources/articles/business-rates-where-are-we-now> and https://assets.publishing.service.gov.uk/media/675197b95692dd4c0c8d1dac/Transforming_Business_Rates_2_.pdf

This policy change is for England only however as a result, there will be a Barnett Consequential of approximately £60 million for the Northern Ireland Executive.¹⁸ Those in the RHL sector have lobbied strongly that this should be used to support their businesses.

NI Executive Dependency on Regional Rate

The regional rate element is normally just over half of a typical rate bill and is set by central government. The amount collected from domestic and non-domestic rate payers is added to the amounts received from the Treasury to provide a total sum available to the Executive for allocation to the public services for which it is responsible.

The 2024 Northern Ireland Budget Sustainability Plan notes that Regional Rates are the Executive's "primary lever for revenue generation".¹⁹ Businesses feel that they should not be burdened with increasing rates to fund public services that are not running efficiently.

Scotland, Wales and the Republic of Ireland have recently introduced regulations to support anti-avoidance / non-payment measures, in order to maximise the level of revenue collected.²⁰ As at the 30 November 2025, unpaid rates carried forward from previous years is £121.9 million. Legitimate businesses are paying this taxation while others are not. There are many failing to pay their share and the Department for Finance is failing to collect what is due. It is unfair that law-abiding businesses and households pay their rates while others have their slate wiped clean.

Local Council Rate Support Grant

In recent years there has been a reduction in the Rate Support Grant (RSG) provided to local councils in Northern Ireland. Some Councils argue that this increases the rates burden on areas that are in deprivation with Mid Ulster District Council bringing a judicial review challenging the Department for Community's decision to set a reduced RSG budget for 2022/23. The court

¹⁸ <https://www.niassembly.gov.uk/globalassets/documents/official-reports/written-ministerial-statements/2022---2027/budget-2025-26-changes-to-resource-del-barnett-consequentials.pdf>

¹⁹ <https://www.finance-ni.gov.uk/sites/default/files/2024-10/Final%20Agreed%20Budget%20Sustainability%20Plan.pdf> pg.26

²⁰ <https://www.niassembly.gov.uk/globalassets/documents/raise/publications/2022-2027/2025/finance/1225.pdf>

found that the Department failed to properly consider rural needs however no financial relief was awarded to councils.²¹ Within reduced income from the RSG, Council's may decide to increase revenue by increasing the domestic and non-domestic rates.

Structural Challenges

Town/City Centre Vacancy

The loss of rates income is one of the major impacts of dereliction and vacancy in commercial areas. We must ensure future development takes this into consideration and recognise the changing face to our town and city centres. Rating policy should support those who bring forward initiatives to occupy shop units for a purpose that will stimulate economic or social activity. It will mean a shift away from the reliance on retail for the tax base.

Online Businesses

High Street retailers have been highlighting the soaring cost of business rates which is a property-based tax. Internet sales have been rising and reached 20% of all retail sales in Great Britain in 2019. It is wrong that that online giants and marketplaces can undercut shops on our high streets, who often pay more in rates than those online retailers pay in taxes. However, the Government announced in the 2022 Autumn Statement that it had decided not to introduce an online sales tax. The response to consultation said:

“the balance of responses suggested that an OST would be complex, distortive, and would not raise sufficient revenue to fund the scale of business rate relief stakeholders have called for.

The proposal does not command widespread support from the retail sector or members of the public. . . . As was explained in the consultation document, initial estimates suggested that an OST could raise approximately £1 billion per annum in the near term. Respondents' feedback suggested that any plausible model of OST would not raise enough funding to provide sufficient business

²¹ <https://www.judiciaryni.uk/files/judiciaryni/2025-04/Mid-Ulster%20District%20Council%27s%20Application%20and%20in%20the%20matter%20of%20a%20Decision%20of%20the%20Department%20for%20Communities.pdf>

rates relief to all retailers with physical stores.”²²

Reval2026 – The Receipts & Expenditure Model

In January 2026 a new valuation list was created for non-domestic businesses which would form the basis of rates calculation from April 2026. The new valuations saw the NAV for those in the hospitality sector sore as hotels had an 84% increase in their total valuations, while pubs saw valuations rise by 47%. The delayed release of valuations until January severely limited businesses’ ability to budget for revised NAVs. This contrasts starkly with England and Wales, where valuations were issued in November, allowing operators greater preparation time. In the future the revaluation timelines should consider when businesses set their budgets rather than announcing an increase just weeks before the payment date.

The Retail and Hospitality Sector argue that they have been disproportionately impacted by the cost-of-living crisis and Hospitality Ulster raised considerable concern regarding the new NAVs placed on hospitality businesses as a result of Reval2026. As a result of increased NAV figures, a number of businesses may also see changes to the Small Business Rates Relief they receive. This would result in a double blow to business impacted with little time to adjust to the changes before April 2026.

Finance Minister John O’Dowd later paused the Reval2026 process which has eased some immediate fears from the hospitality sector. However, following the Minister’s decision to pause the revaluation process the RICS Chair warned, *“Revaluation exists for a clear and essential purpose: to ensure that business rates reflect current economic condition. . . . I believe constructive engagement and targeted support offer a better path forward: one that supports struggling businesses while safeguarding the credibility of the system on which all ratepayers rely.”²³*

The Hospitality sector have highlighted again that rates are calculated based on the ‘Receipts and Expenditure’ turnover model for pubs and hotels rather than the rental figure. This method aggregates the property’s turnover into a series of categories and multiplies each of them by a

²² <https://researchbriefings.files.parliament.uk/documents/SN06247/SN06247.pdf>

²³ <https://www.belfasttelegraph.co.uk/opinion/news-analysis/finance-ministers-decision-putting-brakes-on-revaluation-unfair-rics/a876914188.html>

percentage (e.g. 30% for drinks receipts, 40% for food receipts). The figures are then added together to produce the rateable value. This current valuation methodology places emphasis on turnover and the sector argues that it fails to adequately reflect rising wage, energy, food and service costs. The UK Government announced in September 2025 that it would be “exploring stakeholder concerns over the ‘Receipts & Expenditure’ methodology and options to address these ahead of the 2029 revaluation”.²⁴ The Democratic Unionist Party believes that there is merit in learning from the review taking place in England and modelling an alternative formula for hospitality in Northern Ireland.

DUP Manifesto Commitments

Westminster 2024

“...support small business owners to fund their retirement by retaining Business Asset Disposal Relief and keeping the value of relief in line with increases to the standard lifetime allowance for pensions.

DUP MPs will campaign to: drive up the number of SMEs benefiting from government procurement spend, tax reliefs and business support”

It is wrong that that online giants and marketplaces can undercut shops on our high streets, who often pay more in rates than those online retailers pay in taxes. The DUP believes there should be a step change in how government regulates this area, particularly given that working families have been expected to lose more of their income in taxes than previous generations.

We will: explore the potential introduction of an online sales tax targeting online corporates and marketplaces;

Local Government 2019

“The DUP is the party of low rates and we have consistently upheld our commitment to keeping rates low while delivering high quality services. High rates bills are a barrier to new businesses and harm established ones.”

²⁴ <https://researchbriefings.files.parliament.uk/documents/SN06247/SN06247.pdf>

“Rates-Based Growth Strategy – New developments and new businesses can boost the incomes of your local Council so when planning for the future of the Council area how that increases the rates base is crucial.”

General Election 2019

“The Assembly and Westminster has helped deliver a jobs revolution in Northern Ireland. Now it is time to do the same for skills and productivity backed up by infrastructure investment and a business rates system fit for our modern economy.”

Westminster 2017

“Keeping the cost of doing business low by maintaining Industrial De-Rating and the Small Business Rates Relief”

NI Assembly 2016

“The DUP supports devolving to Councils the power and the ability to lower business rates in their Council area by up to 3%. We will enhance the Small Business Rates Relief Scheme and maintain Industrial Derating.”

Recent DUP messaging

Diane Forsythe February 2025

“It is unacceptable that high street retailers pay more in rates than online corporates pay in taxes. We need meaningful business rate reform and a tax for online giants to level the playing field.”

“The soaring cost of energy, business rates, and rent is squeezing small traders, while large retail parks and multinational corporations continue to spread.”

Gregory Campbell February 2025

“The soaring cost of energy, business rates, and rent is squeezing small traders, while large retail parks and multinational corporations continue to spread. . . . Government

must introduce meaningful business rate reform, provide targeted financial support for independent retailers, and work with local Councils to revitalise town centres.”

Town and City Regeneration 2020 Policy Paper:

“There should be a commitment to the three-year revaluation process. This will improve its ability to be more responsive to wider economic conditions. We will also implement a fixed review of reliefs to take place every five years.”

Proposals

<u>Aim</u>	<u>Policy</u>
Reform Non-Domestic Rates Structure	<ul style="list-style-type: none"> ➤ Improve collection of arrears ➤ Commit to 3-year revaluations of non-domestic properties ➤ Online Sales Tax (UK-wide) ➤ Support Council levers ➤ Commit to align reliefs with agreed Economic Plan and Programme for Government Growth priorities
Foster growth in competitive and strategic industries	<ul style="list-style-type: none"> ➤ Commit to retain Industrial Derating
Encourage High Street Regeneration	<ul style="list-style-type: none"> ➤ Commit to retain rural ATM relief ➤ Expand Back in Business Scheme to support start-up and reduce vacancy rates ➤ Targeted SBRR for Retail, Hospitality and Leisure Businesses
Support Vulnerable Businesses	<ul style="list-style-type: none"> ➤ Commit to earlier release of NAV data to allow for budget preparation ➤ Reform Hardship Fund Administration ➤ Reform of Receipts and Expenditure methodology
Remove Barriers to Investment	<ul style="list-style-type: none"> ➤ Commit to investment improvement relief

1. **Focus on uncollected rates**

As at the 30 November 2025, unpaid rates carried forward from previous years is £121.9 million. Legitimate businesses are paying this taxation while others are not. There are many failing to pay their share and the Department for Finance is failing to collect what is due. It is unfair that law-abiding businesses and households pay their rates while others have their slate wiped clean. We believe that there should be a renewed focus on recouping uncollected rates to increase fairness in the system.

2. **Explore the introduction of a broader tax base**

i) **Online Sales Tax**

Explore measures to limit access to rate relief for businesses whose operations are solely or predominantly online-based.

Under the current rates system there is a high level of tax on property-intensive businesses which does little to support growth. The most obvious example of this is competition between high street retailing and online sales. We believe that the Government should explore the potential introduction of an online sales tax targeting online corporates and marketplaces while supporting robust efforts to crack down on global tax evading corporations.

3. **Targeted sectorial support**

- i) Adopt a targeted SBRR approach for retail, hospitality and leisure only, reflecting the specific differences to rate relief levels provided to RHL sector in Great Britain. Current SBRR is broad supporting many business models including constituency offices.
- ii) Align the provision of targeted SBRR within multi-year budget cycles as agreed in New Decade New Approach to give greater clarity to small businesses when they are developing their budgets.
- iii) Explore merits of providing tailored relief to childcare providers learning from measures across the United Kingdom.
- iv) Maintain Industrial Derating (IDR). Manufacturing requires very large spaces to house machinery, stock and to work therefore the spaces cannot be fully commercialized. Manufacturing NI have evidenced that removing IDR would

mean the sector would pay up to four times more per business than others. This policy aligns support with areas that offer NI a competitive advantage such as Advanced Manufacturing and Aerospace and Defence.

4. Improve timing of non-domestic revaluations

- i) Ensure there are no long gaps between revaluations. This would make the process more stable and predictable while increasing fairness as the tax is based on more current rental value figures and minimises the potential for significant changes to individual rates bills. 3 years is typically in line with the average commercial property rent review period.²⁵
- ii) Release the revised figures at an earlier date as businesses cannot be expected to fund an increase in the space of 8 weeks.
- iii) Advocate for a full appraisal of Land and Property Services which embeds a better understanding of the challenges facing small business in the shape and frequency of future rates revaluations.

5. Foster Innovation and Growth

- i) Remove penalties for investment: Explore discounting increases in NAV caused by refurbishment or business expansion for either 12-24 months as this is seen as a punishment for growth and investment. This is particularly the case for hospitality where refurbishment takes place more frequently. Learn from the model in England which offers improvement relief and explore the merits of time bound relief if there is capital investment.
- ii) Address Vacancy Rates and Encourage Start-Up Growth: Support the removal of empty property relief and explore the introduction of 12-24 months of full or partial rates relief during occupation of a vacant premises. Learn from the Fresh Start model in Scotland combined with targeted SBRR to encourage start-up businesses taking on vacant premises.

6. Reform Receipts & Expenditure calculations to account for profitability

²⁵ <https://www.ulster.ac.uk/epc/pdf/2021/review-of-non-domestic-rates-and-covid-19-recovery/UUEPC-Evidence-paper-Review-of-Non-Domestic-Rates-June-2021-Final.pdf>

- i) Learn from upcoming review by UK Government to reform the R&E turnover model for hospitality businesses, taking account of profit and debt rather than turnover alone.

7. Rural Rate Relief

Retaining the ATM rural rate relief and exploring practical ways of enhancing this provision to include businesses representing the only village shop or post office & supporting a periodic review of the Department of Finance's designated rural areas used to determine eligibility for ATM rural rate relief. This may support footfall in rural areas therefore helping to support business in the locality of the ATMs.

8. Role of Local councils

Encouraging a rates-based growth strategy in local government by:

- i) Support ringfencing a proportion of council income from in the non-domestic rates base for investment in town and city centre regeneration and improvements to infrastructure.
- ii) Reiterating our support for devolving to local councils the power and ability to lower business rates in their Council area by up to 3%.
- iii) Explore the merit of Councils adjusting the non-domestic rate to promote growth in sectors important to their local area e.g. Tourism in Causeway Coast and Glens, Logistics in Antrim and Newtownabbey, Manufacturing in Mid Ulster.

9. Reform Rates Hardship Fund

- I) Promoting an ambitious reform and simplification of the Rates Hardship Fund to ensure more businesses are able to benefit in times of exceptional crisis, including natural disasters. This should see a revamp of eligibility criteria.

Timeframe for reform

Immediate

- Improve collection of arrears
- Commit to retain Industrial Derating
- Commit to retain rural ATM relief

- Commit to 3-year revaluations of non-domestic properties
- Commit to earlier release of NAV data
- Reform Hardship Fund Administration

Medium-Term

- Start-up relief tied to vacancy reduction
- Reform of Receipts and Expenditure methodology
- Investment improvement relief
- Explore tailored SBRR

Long-term Structural Reform

- Online Sales Tax (UK-wide)
- Ringfencing of Council income
- Align reliefs with agreed Economic Plan and Programme for Government growth priorities

Conclusion

In summary, this paper has outlined a variety of options for reforming non-domestic rates in Northern Ireland that includes targeted support for vulnerable sectors and aims to support sectors of significant importance to the Northern Ireland economy. The Democratic Unionist Party believes that reform of the non-domestic rating system should encourage growth and support businesses. Reform proposals cannot happen in silos and must align with Executive wide priorities for economic growth and efficiency in the services that businesses need. Businesses cannot grow or transform high streets if they are slowed down by a planning system that is unfit for purpose or if they cannot get a grid connection or water supply without significant time and effort navigating the system.

We believe that the policy options set out will help contribute to a system that increases fairness for businesses in Northern Ireland, supports growth and protects sectors of particular import to the people of Northern Ireland.